


Using Your Budget as a Management Tool

Presentation for
Connecting For Success
Training Conference
By
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How Do You View Your Budget?

- ▶ Just another piece of paperwork in an already overwhelming mound in your inbox?
 - ▶ One more compliance requirement among a stack of requirements piled by your desk?
 - ▶ A restriction on your abilities to do what you really want to do?
 - ▶ That it's very restrictive and getting more so by the minute?
 - ▶ It directs you rather than you directing it?
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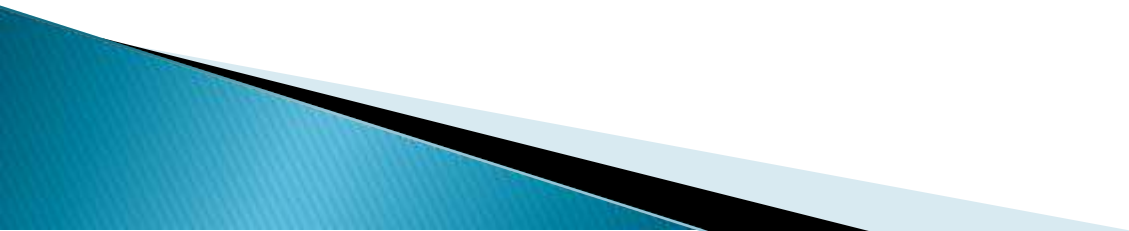
Dictionary Definition of Budget

- ▶ An itemized summary of estimated or intended expenditures for a given period along with proposals for financing them:

City Council passed a scaled-down budget on Monday evening

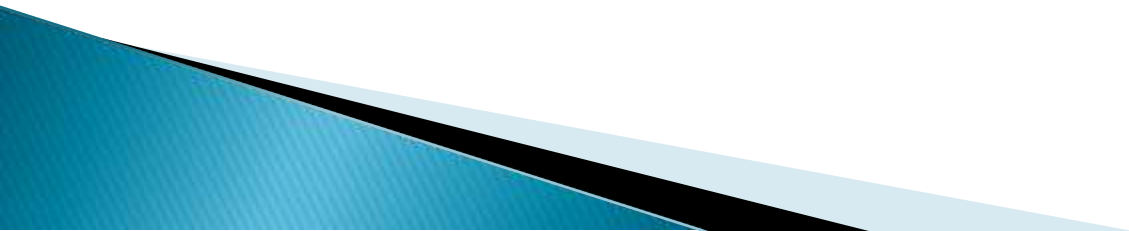
- ▶ A systematic plan for the expenditure of a usually fixed resource, such as money or time, during a given period:

Our budget for van replacements for the next fiscal year is \$ 200,000




- ▶ The total sum of money allocated for a particular purpose or period of time:


A project with an annual budget of twenty-four thousand dollars.




Objectives for This Session

- ▶ Thinking strategically about your budget
 - ▶ Viewing the budget without seeing the numbers
 - ▶ Using the budget to communicate with stakeholders
 - ▶ Work with an example budget
 - ▶ See an exemplar of a multifunctional public transportation budget
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Wilmington NC 2011

- ▶ US economic downturn in 2008 catches up with states and municipalities
 - ▶ ‘Five years of unyielding economic despair.’ NY Times article about Wilmington
 - ▶ City faced a shortfall of 8% of revenues
 - Close a fire station? Withhold purchase of a new fire engine?
 - Withhold merit raises for the 3rd year in a row?
 - Continue to patch potholes rather than repave?
 - Can we afford to provide more downtown policing?
 - Can we purchase new badly-needed police patrol cars and cameras?
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Revenue Situation

- ▶ Until 2007 Wilmington was a real estate boom town – expanding at 7% a year
 - ▶ Charming with cobble-stoned streets, mossy oaks
 - ▶ Raised property taxes in 2010 to make debt payments on projects approved in better times – 2/3 of General Fund
 - ▶ Reserve fund of \$ 17M
 - ▶ Workforce trimmed by 8%
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- ▶ City Council
 - No appetite for tax increase
 - Maintain reserves at 15– 20 % of general fund
 - Avoid layoffs

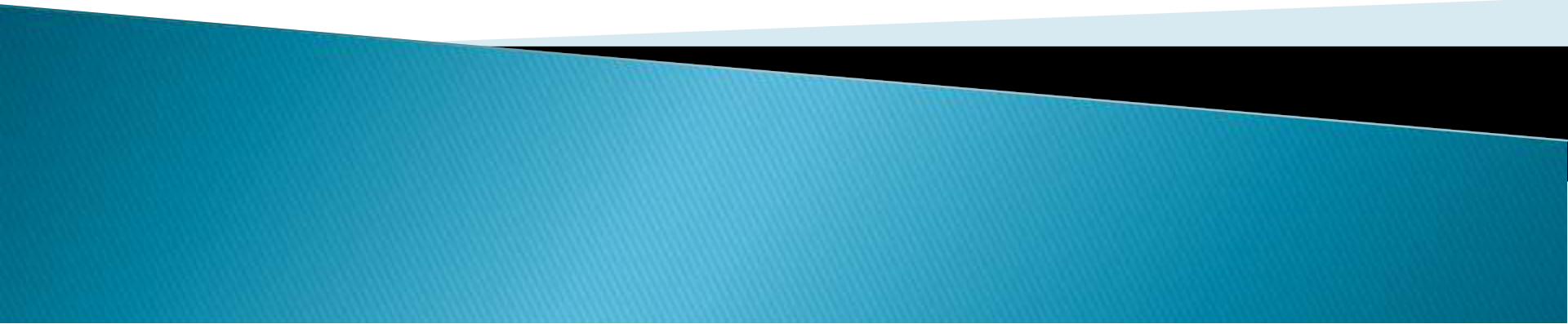
- ▶ The City Manager
 - Proposal to City Council leaves a \$ 6.7 M gap between anticipated revenue and spending

What is Your Solution to This Budget Puzzle?

The Situation to Start

What Did You Decide?


What values did you use to make your
decision?




Consider the Budget a Proposal

When you put together a budget you make estimated guesses about the cost of what you want to accomplish and estimated guesses about how you will pay for it.

It is, in effect, your **proposal** for how you will provide your services in the coming year, and how you will pay for the operation that provides those services – a strategic planning document.



Your Strategic Goals

- ▶ To provide exceptional service to your current ridership
 - ▶ To expand those services in the future, either to new riders or to new locations, or both
 - ▶ To support service delivery with a variety of revenue streams
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- ▶ Know your purpose in creating your budget
- ▶ Be aware of the assumptions on which the budget is based
- ▶ Clarify the values that are uppermost in your strategic choices

This is the beginning of your strategic approach

What are the elements of strategic thinking?

- »» How is strategic thinking different from and alike other ways of thinking about issues?

Useful Tools

- ▶ Assumptions
- ▶ Paradigms
 - Define the boundaries
 - Create the rules within the boundaries
- ▶ Forecasting
- ▶ Timing
- ▶ Visualize consequences

Ask 'Why?'

Ask 'What if?'

Looking Strategically

»» Let's get rid of the numbers

NCDOT PTD Budget

Statewide Grant Program

International Trade Show Transportation

Rural Programs

Urban Programs

New Starts Program



Budget of \$ 90.5

Statewide Grant Program 6%

International Trade Show Transportation 0.9%

Rural Programs 23%

Urban Programs 38%

New Starts Program 32%



Using the Budget to Communicate

»» Clarity comes from strategy

- ▶ Your advisory board
- ▶ Your oversight organization
- ▶ Finance officer for your organization
- ▶ Conversations with PTD, ITRE, the MPO, RPO, or possibly the FTA
- ▶ Strategic partners (or potential partners) in the community


Your audiences are varied

- ▶ Table of Contents
- ▶ Strategic Goals and Strategies
- ▶ Priorities and Issues
- ▶ Budget Overview
- ▶ Organization Chart

What does a budget for communication
contain?

RGRTA Comprehensive Plan

What they decided in Wilmington

- ▶ Defer all sidewalk repairs
 - ▶ Spend \$850,000 on street resurfacing
 - ▶ Stopped programming for the elderly at community centers
 - ▶ Ended provision of umpires and scorekeepers for softball leagues
 - ▶ Avoid layoffs, withhold raises
 - ▶ Defer the fire truck
 - ▶ Defer other capital projects
 - ▶ Take only \$ 1M from the reserve fund
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Oh, and one other thing . . .

- ▶ Fire chief held out for replacing Engine 5
 - Indicated it could be purchased for an initial investment of \$ 103,000
 - Warned of the risk of losing a life in a fire
 - Money came out of the reserve fund
- ▶ Budget was balanced until that point

Questions????????